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NIE on Hungary

13 December 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Requirement for an Estimate on Developments in Hungary

1. The Board met with representatives of State and D/P on 13 December to discuss suggestions which have come to O/E informally over the past several days that an estimate of developments in Hungary would be useful.

2. The immediate requirement for an estimate on Hungary is associated with the current review of certain balloon-radio propaganda operations. During this review it developed that there were differences of opinion over:

- a. The seriousness of the difficulties in which the Hungarian regime finds itself at present;
- b. The capabilities to deal with its economic problems and the continuing, some say growing, disaffection of the Hungarian people;
- c. The likely course of action if its situation continues to deteriorate.

3. State is preparing an intelligence estimate for the State policy people who are to hand down a judgment on the balloon-radio propaganda operation on 20 December. (Authorization to continue it after 31 December is the immediate question at issue.) State agreed to supply copies of its intelligence estimate to the Board on 14 or 15 December for review and comment. The Board will prepare its comments in time for them to be transmitted by noon on 17 December.

4. In addition, State feels that a more thorough examination of the situation in Hungary is indicated. Mr. Armstrong will therefore propose to the IAC on 14 December that an NIE be undertaken. His position is that there is urgent need for a general review of the internal situation in Hungary in view of (1) the generally accepted approximation that Hungary is

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experiencing greater internal difficulties than any other Soviet satellite and (2) widely conflicting evaluations as to the nature and extent of Hungary's current difficulties and their causes.

3. The Board agrees that there is merit in the proposal for an NIE on Hungary. It feels, however, that two estimates which would have some bearing on the conclusions which might be reached in an NIE on Hungary should be completed first. These are NIE 11-10, "Probable Soviet Response to the Ratification of the Paris Agreements," tentatively scheduled for the IAC on 1 February, and NIE 10-4, "Anti-Communist Resistance Potential in the Soviet Bloc," scheduled for the IAC on 15 February. The Board therefore suggests that, if the IAC agrees to do an estimate on Hungary, it be scheduled to reach the IAC not earlier than 22 February. This timing is agreeable to GEN.

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Vice Chairman
Board of National Estimates

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